Chapter 14
Economic Convergence and Real Dimensions:
The Case of Shelter Deprivation

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ABSTRACT

Economic convergence exists when two or more economies tend to reach a similar level of development and wealth. The idea of convergence in economics is the hypothesis that poorer economies' per capita incomes will tend to grow at faster rates than richer economies. Though income is considered to be an important indicator, it is now widely recognized that 'real' dimensions like nutrition, health, shelter, education etc. assess the overall wellbeing of an individual/household. The objective of this chapter is to discuss and formulate a methodology by which one can measure shelter deprivation and its convergence in a region as a step forward to add on to overall well-being of an individual or household. This chapter not only shows a methodology to calculate such divergence and analyses the reasons for such divergence, but also prepares a list of possible combinations of policy prescriptions by which a policy maker, such as the government, can find the extent of rectification of shelter deprivation of a group given its allotment of budget.

INTRODUCTION

Economic convergence exists when two or more economies tend to reach a similar level of development and wealth. The idea of convergence in economics is the hypothesis that poorer economies' per capita incomes will tend to grow at faster rates than richer economies. As a result, all economies should eventually converge in terms of per capita income. Developing countries have the potential to grow at a faster rate than developed countries. Furthermore, poorer countries can replicate the production methods, technologies, and institutions of developed countries.

We know that in economic literature, the term "convergence" might have two meanings. The first kind (sometimes called "sigma-convergence") refers to a reduction in the dispersion of levels of income across economies. "Beta-convergence" on the other hand, occurs when poor economies tend to grow faster than richer ones. Economists say that there is "conditional beta-convergence" when economies experience "beta-convergence" but it is conditional on other variables being held constant.

Though income is considered to be an important indicator in the study of economic divergence, it is now widely recognized that 'real' dimensions[1] like nutrition, health, shelter, education etc. assess the overall wellbeing of an individual/household. Even if income is considered to be an accurate, sufficient or exhaustive indicator, information about the achievement or deprivations of an individual with respect to real factors may be of interest on policy grounds. Sen (1987) stated that 'income' is necessarily a useful indicator but is not adequate in judging the overall well-being or the degree of actual deprivation. For more accurate assessment of an individual's well-being or deprivation, one may need to identify the various 'real' dimensions of well-being and asses the individual's overall well-being or deprivation on the basis of the individual's achievements in terms of these dimensions. Also, even if one considered income to be an accurate indicator of overall well-being or deprivation, for policy purposes one may still need information about achievements or deprivations of an individual or a community in terms of specific real indicators of well-being.

OBJECTIVES

The objective of this chapter is to discuss and formulate a methodology, similar to that of Chakraborty (2010) by which one can measure shelter deprivation and its convergence in a region as a step forward to add on to overall well-being of an individual or household. Though it requires a broader study 'real aspects' of the standard of living, over time, in this region, this chapter believes that this may also be of independent interest as a case study insofar as:

1. It seeks to grapple with the problem of multidimensional deprivation in the context where much information is likely to be qualitative rather than quantitative; and
2. To the best of my knowledge, there are not much detailed case studies of shelter deprivation in regions like India.

The objective of this chapter is thereby to formulate how to test the convergence of regions, preferably two states of the country India, in the sense that whether one state, that is more deprived, converges to the other, which is less deprived, over time.

Though the objective of this chapter is similar to that of Sundaram and Tendulkar (1995) and Gundersen (1996), there are a few differences too. First, Sundaram and Tendulkar (1995) studied the problem on a large scale mainly on inter-country basis while this paper would like to confine itself to only a two regions (viz. villages[2]) taken from two different districts of the state of West Bengal of India so that the study is more focused. Second, this chapter has a different conceptual structure regarding aggregation of individual indices. Finally, this chapter attempts to find a rule, a formula, which will be of immense help for the policy makers to distribute funds and aid relating to shelter deprivation at the grass-root level

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